



U.S. Department of Justice

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May 9, 2011

By Electronic Case Filing w/out Courtesy Copy

The Honorable Viktor V. Pohorelsky
United States Magistrate Judge
Eastern District of New York
225 Cadman Plaza East
Brooklyn, New York 11201

Re: *United States of America v. Mystical One LLC, et al.*
Civil Action No. CV-11-0205 (Irizarry, J.) (Pohorelsky, M.J.)

Dear Magistrate Judge Pohorelsky:

We represent the United States of America ("United States") in connection with the above-referenced matter, and write to (1) provide a status update regarding this matter, and (2) to advise the Court of the difficulties the United States has had in attempting to reach defendant Hank Hagen ("Mr. Hagen") over the past 30-days.

By letter dated April 8, 2011, the undersigned wrote to advise the Court that the United States had reached a settlement in principle with defendants Mystical One LLC and Hank Hagen ("Mr. Hagen"),¹ and that it was in the process of finalizing the consent decree. In the days that followed, the United States attempted to contact Mr. Hagen numerous times via e-mail and telephone to finalize the settlement, but did not hear back from him. On April 20, 2011, the United States sent Mr. Hagen a copy of the proposed consent decree via e-mail; Mr. Hagen did not respond to that communication. On April 28, 2011, the United States sent Mr. Hagen another copy of the proposed consent decree via Federal Express overnight and also by e-mail, and left him a message at his business phone number; Mr. Hagen similarly failed to respond to those communications. In the past two-weeks, the United States has also attempted to reach Mr. Hagen a number of times on his cellular telephone, but it appears that his phone number has now been disconnected.

Given defendants' apparent refusal to respond to the United States' communications over

¹ The United States had been advised that defendant Milton S. Reid ("Reid") was no longer affiliated with Mystical One LLC.

the past few weeks regarding this matter, the undersigned respectfully and regrettably writes to advise that it appears unlikely that the parties will be able to consummate the settlement-in-principle previously reached between the parties. Defendants' answers to the complaint are currently due to be served and filed on Tuesday, May 9, 2011. To the extent the defendants fail to interpose timely answers or otherwise respond to the complaint, the United States reserves its right to seek a default in connection with this matter.

Thank you for Your Honor's attention to this matter.

Respectfully submitted,

LORETTA E. LYNCH
United States Attorney

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